

Province of
Saskatchewan



Information
REGARDING
Education Tax

Issued by
PROVINCIAL TAX COMMISSION



The Education Tax Act, 1937

As the title to this Act indicates, the purpose of the tax imposed thereby is to raise moneys for educational purposes in the Province.

The Government has set up a separate educational account into which all proceeds from the tax will be paid. The moneys collected will be used exclusively for educational purposes.

In order that the public may be informed as to the amounts expended for educational purposes in previous years and as to the necessity of *The Education Tax Act* the following information is submitted:

The provincial fiscal year ends on the 30th day of April and the expenditures for the fiscal year are set out in the provincial Public Accounts. These Public Accounts show the following expenditures for educational purposes:

Fiscal Year	Amount
1928-29	\$3,790,615.19
1929-30	3,910,349.17
1930-31	4,039,621.29
1931-32	4,278,555.44
1932-33	2,888,576.78
1933-34	2,475,554.12
1934-35	2,631,786.56
1935-36	3,106,617.35
1936-37	3,105,695.11

These figures show that there was a distinct increase in the expenditures for education beginning with the fiscal year May 1, 1932. By an amendment to *The School Grants Act* passed at the Session of the Legislature in 1932 it was provided that beginning January 1, 1932, all school grants should be reduced by one-third.

This legislation, coupled with the prevailing economic conditions, caused a very definite reduction in the salaries of teachers and a very substantial increase in the number and amount of promissory notes held by the teachers for salary payments in arrears. As a consequence of this unsatisfactory condition, school trustees, teachers, citizens of Saskatchewan in general and commissions appointed to enquire into the subject have been urging upon the Government the necessity of having some special provision made in the matter of school financing.

In view of this public demand and other issues important to the Province, the Government appointed the Jacoby Commission to review existing forms of taxation and to explore new sources of revenue. This review justified the conclusion that land was already carrying a very heavy burden of taxation. Other sources of revenue, therefore, had to be found if the Government was to implement the plain demand of our people that more money be made available for educational purposes. A study

and review of conditions indicated definitely that this Government should adopt a tax which had been found fair and equitable in other jurisdictions—a tax to which all citizens made some contribution—and therefore embodied these features into a Statute which imposed the Education Tax. The Legislature adopted the Bill, it became law during the Session of 1936-37, and came into force throughout the Province on the second day of August, 1937.

Having in mind the desirability of exempting from taxation the necessities of life, it was decided to exempt bread, flour, milk, fresh meat and similar articles which form the staple items of diet of the population. The needs of the farming population were also kept in mind by the provision exempting from the tax farm implements, farm machinery and parts, grain and mill feeds, binder twine and agricultural products.

The Government believes that the teachers and trustees who have stood by the schools of the Province through the period of depression and drouth have rendered a splendid public service and have thereby made possible the maintenance of our educational facilities. The Government appreciates that the load has become increasingly difficult as the years of drouth continued and it has therefore taken the course of asking the people of the Province to assist our trustees and teachers by

making it possible to increase the grants for education and to liquidate the outstanding promissory notes in favour of the teachers. The increase in school grants is now in effect as from July 1st.

This tax will be administered by Provincial Tax Commissioner L. S. Sifton, Esquire. The Government is consolidating under the Commissioner the administration and collection of the following provincial revenues: The Income Tax, the Corporation Tax, Succession Duties, the Motor License Tax, the Gasoline Tax, the Public Revenue Tax and the Education Tax. This consolidation will make for greater efficiency and economy in the collection of provincial revenues. It involves a reorganization and reduction of staff and the employment of a few additional auditors. In fact, by this consolidation the total number in the Provincial Tax Commissioner's Office, including the administration of the Education Tax, will be less than the number previously employed with these various branches under separate administration. Had it not been for this consolidation another large staff of employees would have been required for the administration of the Education Tax.

The legislation imposing this tax makes due provision for the licensing of merchants and the auditing of the accounts in order that the Province may be assured that the tax is being duly and properly

collected. To date over 17,000 merchants are registered as vendors. Every effort will be made to ensure that this Act will be administered not only efficiently but in a manner that will admit of no discrimination among vendors.

This tax, because of the constitutional position of the Province in relation to the Dominion, must be collected in the manner now followed. Many persons have suggested that it might be collected in a manner similar to the Dominion Sales Tax. Such a method of collection would constitute this tax an indirect tax—in other words a tax which is collected from the manufacturer and is absorbed into the price of the commodity and paid for by the consumer or used as part of the purchase price. Such a tax as a provincial measure would be unconstitutional. The Province is restricted to direct taxation, that is, one that is collected from the ultimate consumer or user and paid by him at the time the purchase is made as a separate and distinct item of that purchase. It is therefore impossible for the Government to impose and collect this tax by any other method or means than that now followed.

In conclusion the administration desires to express its great appreciation to the merchants of the Province, the buying public, the Retail Merchants' Association, the Wholesale Merchants' Association and to numerous other persons and associations

who have whole-heartedly co-operated in the administration of this tax since its inception.

40M-9-37-935

REGINA: THOS. H. McCONICA, King's Printer



